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POLITICS

Bitcoin In Pakistan: Government To Declare Cryptocurrency Illegal

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by [Christopher Morris](#)

UPDATE – Pakistan's Federal Investigation Agency (FIA) has launched operations against the people dealing in the cryptocurrencies (Bitcoin and Onecoin).

According to reports from local media, FIA has rounded up a suspect involved in the illegal business and started the investigation to trace the others. The police also recovered a mobile phone and laptop from the possession of the accused.

It's not the first time, FIA took such action against Cryptocurrency traders. The federal agency conducted similar action for the same digital currencies, back in August 2017. However, no one was arrested then.

Bitcoin in [Pakistan](#) is about to become an [illegal entity](#), with the Federal Investigation Agency recommending the government to declare such digital currencies as persona non grata. The Federal Investigation Agency further recommended the Pakistani government to include definitive and distinct punishment related to Bitcoin, under the Prevention of Electronic Crimes Act.



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“Bitcoin / digital currency is not recognized by State Bank of Pakistan as legitimate business and are causing huge monetary loss to the government exchequer. So it should be declared illegal with the inclusion of definition and distinct punishment of this emerging crime”, official documents revealed.

With Bitcoin in Pakistan having established itself as a significant unit of exchange, this is a major blow to the **cryptocurrency**. It had been hoped that further growth could be achieved in a developing economy such as Pakistan, but this now seems unlikely for the foreseeable future. And the wavering legality of Bitcoin in Pakistan is indicative of a tendency across such emerging economies to legislate against the digital payment system.

Bitcoin in Pakistan had been such a big deal as there had been no previous legal framework in place to deal with the cryptocurrency. There was no specific law relating to Bitcoin, even though the legal status of digital currencies in Pakistan was dubious.

In response to the Bitcoin phenomenon, the State Bank of Pakistan had already declared that it has no intention of ever legalising Bitcoin. This might be considered a strange decision by advocates of the cryptocurrency, but the Pakistani economy can be considered considerably more vulnerable than those of Western nations. Certainly the wild trading associated with Bitcoin could potentially destabilize the entire economic system in such nations.

Bitcoin in Pakistan thus looks to be dying before it has really gotten underway, with the government taking serious action to prevent Pakistani citizens from trading in the growing digital currency. Certainly the official statement released by the Federal Investigation Agency is rather harsh in tone, and indicates that the authorities will take any breach of the Bitcoin regulations extremely seriously.

In fact, the Pakistani authorities have created a third phase related to an existing law on cyber-terrorism in order to deal with the threat it believes that Bitcoin **poses**. The new Phase-III legislation includes the recruitment of new technical and ministerial staff, and the establishment of nine new Cyber Crime Police Stations and Digital Forensic Laboratories in Abbottabad, D.I Khan, Gujranwala, Faisalabad, Multan, Gawadar, Hyderabad, Sukkur, and Gilgit-Baltistan.

Bitcoin has enjoyed a tortuous 2018, with the value of the cryptocurrency declining by a considerable proportion of its overall worth. This has prompted a feverish debate on whether Bitcoin has a long-term place in the architecture of the global financial system, with both advocates and critics queueing up to offer strong opinions on the subject.

With governments and the economic aristocracy generally opposed to Bitcoin, its future does begin to look shrouded in doubt, particularly as Bitcoin in Pakistan is now a non-entity. Just days ago, US Treasury Secretary Steven Mnuchin stated that the **cryptocurrency** must not become the equivalent of a Swiss bank account; effectively a way of hiding assets and avoiding making a contribution to society.

“One of the things we will be working with the G20 on is making sure that this doesn’t become the Swiss numbered bank account. We want to make sure that bad people can’t use this currency to do bad things,” Mnuchin commented.

While there will be much scepticism of these comments among Bitcoin enthusiasts, for the time being the Bitcoin in Pakistan situation indicates that the authorities are beginning to clamp down on this embryonic currency.

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